

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 NEA-09 ISO-00 TRSE-00 SP-02 AID-05

NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 AGR-05 L-02 H-02 /086 W
----- 089487

R 110715Z APR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9335

INFO AMEMBASSY NEW DELHI

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PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN IN JA

SUBJ: DEBT RELIEF AND THE AID-TO-INDIA CONSORTIUM

REF: A. TOKYO 4642; B. TOKYO 4487; C. STATE 66345

1. FINATT HAD FOLLOW-UP DISCUSSION ON SUBJECT BUT IT WAS EVIDENT THAT MOF REVIEW WAS NOT VERY FAR ALONG. MOF OFFICIAL IN CHARGE CURRENTLY IN KOREA ON AID DISCUSSIONS. HIS INITIAL REPORT NOT TO BE COMPLETED UNTIL MID OR LATE NEXT WEEK. DEP DIR, INTFIN BUR (SAGAMI) SAID CONSULTATIONS WOULD THEN BE HELD WITH MOFA FOLLOWED BY FURTHER INTERAGENCY DISCUSSIONS.

2. FINATT AGAIN STRESSED USG DESIREMO AVOID A SITUATION WHERE U.S. POSITION WOULD ADVERSELY INFLUENCE JAPAN'S ACTION REGARDING DEBT RESCHEDULING AND ULTIMATELY PERHAPS OTHER COUNTRIES IN PROVIDING CONTINUING ASSISTANCE TO INDIA. FINATT POINTED OUT FACT SOME OTHER COUNTRIES MAY NOT HAVE FLEXIBILITY OF SUBSTITUTING OTHER FORMS OF AID IF DEBT RESCHEDULING EXERCISE DOES NOT TAKE PLACE. IN SUCH
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SITUATION, SUBSTANTIAL INCREASE IN U.S. AID THIS YEAR

MIGHT BE PARTLY OFFSET BY LESS FROM OTHER COUNTRIES. SUCH OUTCOME WOULD BE COMPLETELY CONTRARY TO U.S. OBJECTIVES AND COULD SERIOUSLY BRUISE HARMONIOUS RELATIONSHIPS BETWEEN THE SEVERAL CREDITOR COUNTRIES AND INDIA. SAGAMI CLEARLY UNDERSTOOD ALL OF THE SUBSTANTIVE ISSUES INVOLVED BUT SAID IT WAS TOO SOON TO SAY WHAT FLEXIBILITY GOJ WOULD HAVE UNDER LAW TO UNDERTAKE DEBT RESCHEDULING IN ABSENCE OF U.S.

3. AS IS OFTEN THE CASE, GOJ DECISION MAKING WILL TAKE TIME AS BUREAUCRATS REVIEW THE VARIOUS OPTIONS. EMBASSY BELIEVES FINAL DECISION BY NO MEANS REACHED ALTHOUGH PRESENT GOJ INCLINATION APPEARS TO BE TO AVOID RESCHEDULING EXERCISE AND MAKE UP FOR IT THROUGH AID IN OTHER FORMS. EMBASSY HOPES TO BE ABLE TO TRANSMIT RESULTS OF INITIAL MOF STAFF REPORT LATE NEXT WEEK. COURSE OF FUTURE JAPANESE ACTION IS STILL UNDECIDED AND EMBASSY WILL CONTINUE TO MAKE REPRESENTATIONS. HIGH LEVEL DISCUSSION OF SUBJECT WITH GOJ, E.G. DURING MANILA MEETING OF ADB, COULD ALSO INFLUENCE GOJ DECISION. SHOESMITH

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Message Attributes

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Margaret P. Grafeld
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